

## Message Text

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44

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

      DOTE-00 INR-07 NSAE-00 FAA-00 L-02 /031 W

----- 065750

R 070938Z MAY 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 5576

LIMITED OFFICIAL USE VIENNA 3909

C O R R E C T E D C O P Y (TEXT)

E.O. 11652: N/A

TAGS: ETRN, AU

SUBJECT: CIVIAR: PAN AM/GOA DISPUTE CONCERNING PAYMENT OF  
COMMISSION TO TRAVEL AGENTS

1. SUMMARY: PAN AM HAS ANNOUNCED TO LOCAL TRAVEL AGENTS  
COMMISSION INCENTIVE PROGRAM UNDER WHICH COMMISSION OF  
TEN PERCENT WILL BE PAID ON SALE OF PASSENGER TICKETS  
ABOVE CERTAIN AMOUNT. GOA HAS INFORMED PAN AM THAT  
PROPOSED PLAN NOT IN ACCORDANCE WITH US/AUSTRIAN BILATERAL.  
PAN AM REQUESTS USG VIEWS. (END SUMMARY)

2. PAN AM AREA DIRECTOR LOY INFORMED EMBASSY, MAY 5,  
OF FOLLOWING MATTER AND ASKED FOR USG VIEWS.

3. PAN AM INFORMED IATA IN APRIL IT WILL NO LONGER  
CONSIDER ITSELF BOUND BY SEVEN PERCENT COMMISSION RULE  
FOR TRAVEL AGENTS IN INTERNATIONAL AIR TRAVEL AREA. PAN  
AM HAS DEvised NEW INCENTIVE PROGRAM FOR TRAVEL AGENTS  
WHEREBY ON MONTHLY SALES IN EXCESS OF 90 PERCENT OF  
SALES IN COMPARABLE MONTH OF 1974, COMMISSION OF 10  
PERCENT RATHER THAN SEVEN PERCENT WILL BE PAID. PLAN  
IS EXPERIMENTAL FOR PERIOD APRIL 1-DEC. 31, 1975.  
ON APRIL 10 PAN AM BY CIRCULAR LETTER NOTIFIED AUSTRIAN  
TRAVEL AGENTS OF THIS NEW PROGRAM. TO COMPENSATE FOR FACT  
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THAT PAN AM IS NOW AN OFFLINE CARRIER IN AUSTRIA, PER-

CENTAGE WILL BE LOWERED FROM 90 TO 47 PERCENT, BUT LOCAL TRAVEL AGENTS HAVE NOT AS YET BEEN ADVISED OF THIS LOWER PERCENTAGE.

4. ALTHOUGH PAN AM DID NOT INFORM GOA CIVIL AVIATION AUTHORITIES OF THIS NEW PLAN, AUSTRIAN CIVIL AVIATION DEPARTMENT LEARNED OF LETTER TO TRAVEL AGENTS AND WROTE TO LOY ON APRIL 17 STATING AS FOLLOWS (EMBASSY TRANSLATION):

" WITH REFERENCE TO YOUR CIRCULAR LETTER OF APRIL 10, 1975 CONCERNING PAYMENT OF HIGHER SALES COMMISSIONS TO IATA AGENTS UNDER CERTAIN CONDITIONS, YOUR ATTENTION IS DRAWN TO THE PROVISIONS OF THE AUSTRO-U.S. AIR TRANSPORT AGREEMENT, IN PARTICULAR TO ARTICLE 13 (H), ACCORDING TO WHICH NO AIRLINE MAY REDUCE IN ANY WAY, DIRECTLY OR INDIRECTLY, ANY PORTION OF ANY ESTABLISHED TARIFF INCLUDING THE PAYMENT OF EXCESSIVE SALES COMMISSIONS TO AGENTS. A CHANGE OF THE COMMISSION RATE AGREED UPON WITHIN THE FRAMEWORK OF THE IATA-TARIFF PACKAGE MAY NOT BE THE SUBJECT OF SUCH A UNILATERAL MEASURE; ITS APPLICATION IN SCHEDULED AIR TRAFFIC FROM AND INTO AUSTRIA IS, THEREFORE, NOT PERMISSIBLE."

5. IT IS LOY'S UNDERSTANDING THAT SIMILAR PROBLEM HAS ARISEN IN OTHER COUNTRIES INCLUDING FRG, SWITZERLAND AND SPAIN. LOY ALSO SAID HE HAS READ IN A TRAVEL AGENTS' NEWS LETTER THAT DEPARTMENT OF STATE HAS STATED PAN AM'S NEW COMMISSION PLAN DOES NOT VIOLATE US BILATERALS. BEFORE CONSIDERING WHAT FURTHER ACTION TO TAKE IN AUSTRIA, LOY HAS REQUESTED USG VIEWS ON POSITION TAKEN BY GOA.

6. ABOVE COMMISSION PLAN APPLIES ONLY TO SALES OF TICKETS TO INDIVIDUAL PASSENGERS. HE INDICATED PAN AM IS ALSO DEVISING A NEW SET OF COMMISSION PERCENTAGES FOR GROUP TRAVEL. HE HAS BEEN INSTRUCTED, HOWEVER, NOT TO DISCLOSE OR IMPLEMENT ANY GROUP LIMITED OFFICIAL USE

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TRAVEL COMMISSION PLAN IN AUSTRIA UNTIL MATTER DESCRIBED ABOVE HAS BEEN RESOLVED.

7. GOA HAS NOT RAISED THIS MATTER WITH EMBASSY.

8. REQUEST DEPARTMENT'S COMMENTS.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, TOURISM, DISPUTES, AIRLINES, AVIATION AGREEMENTS, BUSINESS FIRMS, TOURISM PROMOTION, PERSONNEL COMPENSATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**To:** STATE  
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